Quarterly Letter – 2022 Q2

This quarter's letter starts with Q2 performance, then in bullet point form we present recent discussion points with investors, followed by our recurring What We Sold feature, where we list and describe all 13 position exits in the past year, July 2021 through June 2022. We close with Management Company News. As it has been six months since our last round of calls, we will ring all investors prior to July 20. Expect a call from Tim or Nick soon.

Performance

Q2. Net of fees, we lost 6.49% in Q2, similar to our 5.28% Q1 loss. YTD, we are -11.42%. Our Q2 monthly profile was different from Q1. In Q1, we had 1% or 2% losses each month. In Q2, the first two months were okay, with April at +1% and May at 0%. April was a poor month for markets overall, though, allowing us to win another performance award as BarclayHedge named us the fifth-best global emerging markets equity fund. June's -7% outcome, however, had us in the middle of the -5% to -9% results of the indices we track.

Our -6% Q2 result topped the total returns of these indices, however. The best performing index was MSCI Emerging Markets (EM) at -11%, followed by MSCI Frontier Markets (FM) at -14%. MSCI EAFE returned -15% and MSCI FM Small Cap (FM SC) was -16%. The worst Q2 performer was the S&P 500, also at -16%, just below FM SC.

For the first half of 2022, our -11% also topped all the indices we track. The YTD index total returns are FM SC -16%, EM -18%, EAFE -20%, S&P 500 -20%, and FM -21%.

Despite the significant loss overall in Q2, we made money in 35% of our countries and 34% of our positions before fees,[1] illustrating the low cross-correlation benefit of frontier markets.

See the Statistical Appendix for performance details. Figure A1 shows annual returns for us and these indices, Figure A2 shows quarterly numbers, Figure A3 presents our monthly numbers, and Figure A4 translates our USD returns into the home currencies of our investors. For those wanting more detail, Figures A5 through A11 show portfolio mix, statistics, attribution, evolution, and concentration.

Earnings and valuation. Our portfolio companies grew their Q1 EPS 40% in USD (after a 44% USD increase in 2021), as COVID-reopening growth continues for us. We've concentrated our 2022 buys in companies that COVID hit hard and where the recovery should boost their 2022 and 2023 profit substantially. Growing earnings and lower prices make our portfolio cheaper. Our trailing, as-reported portfolio PE is now 5.9 (89th percentile in our history), our portfolio price/book (PB) is 1.00 (86th percentile), and our weighted average dividend yield is 6.7% (84th percentile). As expected, companies are restoring dividends they suspended or central banks prohibited during COVID. In the last two months, our yield has grown from 4.6% to 5.2% to 6.7%. We own 10 companies that have a double-digit yield and 14 where the yield is >8%. With our PE, PB, and yield all simultaneously in the top quintile of our history, our Value Score, an equal-weighted combination of these three metrics, is now

[1] There were 26 countries in which we had an investment at some point in Q1. We made money in nine countries. We had 38 positions at some point in Q1. We made money in 13 positions. We finished the quarter with 34 positions and 23 countries. In the Appendix, Figure A5 shows country mix and Figures A6-A8 show country performance.

in the 96th percentile, 8th highest of 172 month-end data points. This is better than January 2009, 10th best, in the depth of the financial crisis, and June 2020, 9th best, in the initial stages of COVID. As we have written for years, Value Score is statistically significant in predicting one- and two-year forward performance. After January 2009, we made 48% in 12 months and 110% in 24 months. After June 2020, we made 53% in 12 months and 49% in 24 months, even with the 2022 selloff.

Investor Macro Discussion Points

We've discussed the points below recently with investors. We explain why we think the developed world is due more losses, which unfortunately we expect to affect us, although not to the same extent. This would only increase our value, however, toward our cheapest level ever. We focus on the US in most of the points below because, with 42% of global market cap and 24% of global GDP,[2] its path influences all markets and countries globally to a degree. Further, US influence occurs through the dollar, the world's reserve currency.

1. **Where are we?** The past two-and-one-half years have had an unusual number of market-impacting global events. In 2020, a pandemic led to an economic hard stop unlike any the world has seen before. Unprecedented fiscal and monetary stimulus followed. In August 2020, the US Fed invented a new inflation rule they called "flexible average inflation targeting." This meant that when someone had been sober for an extended period, they should make up for it by imbibing until they hugged the commode. Party on! The second half of 2020 and the first half of 2021 were great times for markets as stimulus offset several waves of pandemic outbreaks, allowing asset prices to recover as worst-case economic fears did not occur. Trouble began to brew in Q2 2021 as the disinflation of a year earlier gave way to rapid inflation increases due to stimulus-boosted demand and supply chain constraints. The Fed, having spiked the punch liberally in 2020, ignored the clear signs of drunkenness all around and staunchly refused to remove the punch bowl. Some EMs began to hike rates in March 2021 and by the second half of 2021 this was common in our universe. Meanwhile, the Fed and ECB kept returning to the liquor store to buy more alcohol. US stock investors, enjoying a good buzz, forgot they were supposed to be forward looking and lived for the moment. Feeling no pain, they decided to reward all-time high corporate profit margins with near all-time high stock valuations, driving domestic equity indices to record levels. The party broke up with the turn of the calendar page to 2022 as inflation and the need for rate hikes had become undeniable. For any partygoers who hadn't noticed they were the last ones standing, Putin's war machine arrived on the scene in February 2022 like police breaking up an after-hours college kegger. War became a third driver of inflation, after stimulus and supply-chain constraints, as sanctions and conflict pushed energy and food prices higher still. By June 2022, with economies increasingly crimped by higher interest rates and inflation, global markets had a terrible hangover and a new fear: recession.

2. **A US recession is likely and possibly has already begun.** There is much commentary on this point, but let's stick to the facts, rather than opinion. We find recession opinions are often either wishful thinking about what a pundit wants to

[2] Frontaura calculations using Bloomberg 30 June 2022 data for US and global market caps (mnemonics WCAUUS and WCAUWRLD) and IMF World Economic Outlook 2021 USD GDP data by country, published April 2022.

happen or an author's defense of a prior forecast that may no longer be valid. Here are the facts. The US economy shrank at a 1.6% annualized rate from Q4 to Q1. On July 8, the Atlanta Fed's GDPNow measure of Q2 GDP showed a further 1.2% annualized drop from Q1 to Q2. GDPNow uses the economic data releases that feed into GDP to calculate mathematically where the US economy stands. It uses only released and known data; it does not forecast unreleased economic data. The July 8 GDPNow update is the 18th of 21 the Atlanta Fed makes as Q2 data becomes available; the remainder will occur from July 15 through July 27 prior to the government publishing its first Q2 GDP report July 28.[3] It is possible that the remaining data or later revisions push reported Q2 GDP up to a positive figure, although GDPNow generally has worsened as the Q2 data unfolded.

Most countries define a recession as two consecutive quarters of economic decline. The US has a more nuanced definition than this. The National Bureau of Economic Research (NBER) is the arbiter of US recessions, and they consider multiple economic indicators to decide qualitatively, well after the fact, which month the US economy peaked and troughed. Employment, although weakening, remains strong enough to put off the official start of a US recession. Nevertheless, we can say that if you get two negative GDP quarters, quite likely a recession will occur.[4] From 1948 onward, all consecutive negative quarterly GDP readings meant recession.[5]

Commentary that we will have a soft landing, but no recession, does not persuade us because such commentary has preceded every recession we recall, including the devastating Global Financial Crisis (GFC) that began in 2007. Commentary then evolves to "yes, a recession may occur, but if so, it will be only a shallow one." This is not to say that a soft landing or a shallow recession cannot occur. The US had soft landings in 1966, 1984, and 1995. Anything is possible, but we don't think we'll get away without a recession this time given the GDP data. Also, there are just too many signals on inflation, interest rates, and stock market performance that say when this indicator does x (a condition now met), a recession has always followed.

The recession might be shallow. Unfortunately, the depth of a recession does not indicate the depth of the market selloff. For example, GDP barely fell during the 2001 recession, the shallowest on record, yet the 49% S&P 500 selloff was the worst at that time since the Great Depression (topped later by the GFC's 57% decline). The second most shallow recession, in 1969-1970, had a 36% S&P 500 plunge. That percentage matches the average market decline during the eight recessions from 1969 to 2020.

---

[3] The US Commerce Department revises GDP figures multiple times as better data becomes available. There will be three releases of the Q2 report: July 28 (advance), August 25 (second), and September 29 (third). Once annually, the Commerce Department revises the prior five years of GDP data. On the present schedule, the Q1 2022 GDP figures will change again each September, 2022 through 2026, and the Q2 2022 GDP figures will change again each September, 2023 through 2027. Revisions could change the sign on GDP growth from negative to positive.

[4] The NBER declared that recessions occurred in 1960-1961 and in 2001 even without consecutive quarterly GDP declines. The 2001 quarterly GDP pattern was decline, increase, decline, increase.

[5] US GDP data begins in 1947 and in that first year there were two consecutive quarterly GDP declines in Q2 and Q3, without NBER declaring a recession. This has never happened since. That year was halfway between recessions in 1945 and 1949.

3. **If a US recession occurs with an average recession market drop, the S&P 500 would fall 19% from its 30 June 2022 level to 3068.** That's the decline necessary from its 3 January 2022 peak for it to match its average 36% recession slump. To match its worst recession fall, it would drop 45% further (57% in total). The best case would be that the S&P declines no further because its 21% loss already exceeds the drop from the 1980 (17%) and 1990-1991 (20%) recessions. It seems too optimistic to us to assume the low is in, however. We believe US consensus EPS estimates are too high, requiring significant analyst cuts that will hurt stocks. Further, too many market participants cling to a soft-landing scenario since job growth, a lagging indicator, is still strong. Further rises in jobless claims and lower employment growth could cause capitulation from this crowd.

4. **If the S&P falls 19%, our guess is that we'd lose around 10%,** from the end of Q2 to when the S&P bottoms, based on our history and 0.48 inception-to-date beta to the S&P. Were that to occur, we would likely be near the cheapest point in our history, although we are already close.

5. **A fundamentally different, better picture.** Our companies are growing their earnings even as their stock prices fall. In contrast to the US and Europe, our top six countries, representing over half of our portfolio, should all grow their economies 5% or better this year after inflation. That GDP growth rate is increasing compared to last year in most of these countries. Thus, while our performance is down and may continue to be down in sympathy with the developed world, we think our picture is quite different, and better than, the developed world.

   If our US recession scenario above occurs and we lose 10% from our Q2 level, our Value Score would be 99, the second best in our history, behind only March 2020 (from which we gained 78% in the next 21 months). This assumes lower prices, but unchanged portfolio weights,[6] earnings, book values, and dividends. However, price does not have to fall for our metrics to become more attractive. Q2 earnings (and follow-on dividend announcements) should lower our valuation levels further even if prices are flat.

6. **The weakest link.** Recessions expose the weakest links and there are always some surprises that you do not see coming. We are not complacent about this. That is why for the past year, we have sold out of fragile countries like Sri Lanka, Turkey, Pakistan, Ghana, and Papua New Guinea, all at a profit. We describe these sales in the What We Sold section that follows, along with recent substantial portfolio weight reductions in Egypt and Kenya and Putin de-risking moves where we left Georgia and Kazakhstan. Nevertheless, future events will probably reveal some company or country we hold now that we should also have left or reduced. When you read in the media of problems in EM and FM countries, as you will, realize we departed most of the problem cases when they were still making money for us.

[6] Portfolio weight changes could change the individual metrics, up or down. This could occur from performance differences between positions or from buys and sells of positions.

7. **The final word.** To allocators that have told us that Fed tightening is not good for us, we quote the trade group International Institute of Finance, who captured our view well when they said in June:

   > *Global hiking cycles and inflation shocks are traditionally tricky for EM, but we're not that negative. This is because most of the major emerging markets started hiking well ahead of advanced economies, which has pushed up real rates well above G10 levels. Indeed, the normalization in longer-term real rates is something that is mostly a story for advanced economies, while longer-term real yields—in much of EM—normalized in 2021.*

What We Sold

As is our practice,[7] Figure 1 on the following page lists all stocks we sold completely in the past year, July 2021 through June 2022, whether good or bad, or large or small. A discussion of each exit follows our summary comments.[8]

We made money on 10 of these 13 exits. Stock or country returns are before fees and expenses that we subtract only at the fund level, as we explain here. This includes dollar profit or loss figures, percentage gains or losses, IRRs, and text such as "made money."

Macro risk dominates like never before… The distinguishing feature of these results, compared to earlier What We Sold compilations, is that macro reasons were present in most sales. The Exit Reason column in Figure 1 lists "country" for seven of 13 sales. These, by definition, are macro sales. Further, we list "fundamentals" as the reason for five sales. In four of these five cases, macro reasons were present and contributed to the declining company fundamentals. Thus, macro factors were present in 11 of 13 exits in the past year. This is unusual. More typically, the "country" sell reason shows up once or twice or not at all in our What We Sold table. The only comparable period to this in our history was the first half of 2020 when the pandemic caused us to cull our portfolio of companies whose fundamentals deteriorated rapidly. Nevertheless, our macro-related selling in the past year was even more pronounced than in 2020.

Our sales from mid-2021 through mid-2022 relate primarily to risks emanating from the global inflation spike, central banks' rate-hiking response, and Russia's war against Ukraine. These risks have made some fragile countries too vulnerable for us to invest. We have seen

---

[7] Here's the list of past What We Sold letters: 2021 Q2 (covering July 2020 – June 2021 sales), 2020 Q4 (covering 1H 2020 sales), 2020 Q3 (2H 2019), 2019 Q2 (1H 2019), 2019 Q1 (2H 2018), 2018 Q2 (July 2017 – June 2018), 2017 Q2 (July 2016 – June 2017), 2016 Q2 (1H 2016), 2015 Q4 (2H 2015), 2015 Q2 (July 2014 – June 2015), 2014 Q2 (July 2013 – June 2014), and 2013 Q2 (July 2012 – June 2013).

[8] With occasional exceptions, we don't name companies currently in our portfolio because our comments and letters circulate widely and we don't want to give away our ideas to other frontier investors who might compete with us in the market on stocks we are buying, especially since positions we hold can be illiquid and hard to trade. Nevertheless, our investors and prospects want to read about what we bought and why, so the compromise we made many years ago was to write about a position after we sold it, assuming we were not likely to buy it again soon. We believe that writing about position sales is more insightful than discussing buys because you can evaluate whether you were right or wrong and how the position performed. All positions are going to make money in your mind when you first buy them; writing after the sale provides a more balanced assessment.

multiple cases where higher budget deficits from COVID, combined with higher interest rates, cut off a country's access to financing, requiring it to address budget deficits through higher taxation. We made two of our sales because taxes targeted our companies.

Figure 1
Frontaura Global Frontier Fund LLC
Positions Exits July 2021 – June 2022[9]
30 June 2022

Company	Country	Description	Exit Reason	First Buy	Last Sell	Cost ($000K)	Proceeds ($000K)	Profit ($000K)	Return Multiple	IRR	Holding Period (Years)	Price / IV First Buy	Price / IV Last Sell	PE Buy Date	PE Sell Date
LB Finance	Sri Lanka	consumer finance	country	28-Jul-16	02-Jul-21	1,996	3,283	1,287	1.64	14.1%	4.9	-34%	-41%	4.5	4.9
DP Eurasia	Turkey	Domino's Pizza restaurants	country	17-Oct-19	01-Nov-21	4,969	9,064	4,095	1.82	37.9%	2.0	-2%	65%	na	na
Ghana Commercial Bank	Ghana	bank	fundamentals	29-Apr-19	04-Nov-21	1,801	2,073	272	1.15	6.9%	2.5	-53%	-61%	3.1	2.7
Indus Motor	Pakistan	Toyota vehicle assembly	fundamentals	03-Mar-21	06-Dec-21	3,380	3,423	42	1.01	1.6%	0.8	-38%	-9%	11.3	5.9
Grupo Suramericana (non-voting shares)	Colombia	financial conglomerate	valuation	31-Jul-20	16-Dec-21	978	1,381	403	1.41	29.4%	1.4	-41%	-22%	10.0	14.4
Scancom (MTN Ghana)	Ghana	mobile phone network	fundamentals	21-Jan-20	04-Jan-22	5,209	8,655	3,446	1.66	39.3%	2.0	-33%	-24%	10.0	7.5
Bank South Pacific	Papua New Guinea	bank	fundamentals	15-Oct-12	21-Feb-22	9,524	15,322	5,797	1.61	8.7%	9.4	-12%	-13%	9.4	6.2
Pryce Corp.	Philippines	LPG importer / distributor / retailer (gas cylinders primarily for cooking)	fundamentals	15-Jul-20	10-Mar-22	1,644	2,115	471	1.29	18.2%	1.7	-44%	-26%	5.8	6.2
Commercial International Bank	Egypt	bank	country	19-May-21	31-Mar-22	3,777	3,811	34	1.01	1.0%	0.9	-32%	-8%	8.9	7.3
TBC Bank	Georgia	bank	country	02-Aug-21	06-Apr-22	5,514	4,112	(1,402)	0.75	-32.2%	0.7	-40%	-63%	5.5	3.1
Kaspi	Kazakhstan	bank, payment processor, e-commerce website	country	15-Oct-20	11-Apr-22	3,875	6,652	2,777	1.72	52.8%	1.5	-52%	-36%	11.9	12.0
Halyk Bank	Kazakhstan	bank	country	29-Jul-19	13-Apr-22	4,857	4,820	(36)	0.99	-0.4%	2.7	-30%	-63%	5.7	2.8
Equity Bank	Kenya	bank	country	02-Nov-21	07-Jun-22	6,499	5,408	(1,091)	0.83	-17.7%	0.6	-45%	-59%	6.7	4.1

…causing more turnover and cheaper stocks. There are two points notable about these macro sales. First, our turnover of 46% over the last 12 months (LTM), is at its highest level in over a dozen years. Annualized LTM turnover was similarly elevated at 45% through June 2020 (COVID selling) but fell to only 18% at June 2021 (calm after COVID sales). These turnover figures measure all sales, whether we are exiting a stock or not, against our average

[9] Here are definitions for the Figure 2 columns. Exit Reason is a standardized reason we sold a stock. First Buy and Last Sell are the dates we first bought a stock and last sold a stock. Buys after the first date we show could continue for months or years; likewise, sells could precede the last date we show for months or years. Cost is the USD sum of all buys including commissions, trading fees, and foreign exchange costs (FX). Proceeds are the total USD sale and dividend proceeds, net of all commissions, trading fees, FX, and tax withholding. Profit is Proceeds minus Cost. Return Multiple is Proceeds / Cost. IRR is the internal rate of return on all USD cash inflows and outflows in the Profit calculation. Holding Period is the number of years between the First Buy and the Last Sale dates. We annualize the IRR, except for when the Holding Period is less than one year. Note that the Cost, Proceeds, Profit, Return Multiple, and IRR figures are before any management fees, fund expenses, or incentive compensation, as those deductions occur at the fund level and not at the individual stock level. Price / IV First Buy and Price / IV Last Sell show the discount or premium of the price we paid on the First Buy date and the price at which we sold on the Last Sell date to our estimate of intrinsic value on those dates. A negative percentage indicates a discount to intrinsic value; a positive percentage indicates a premium. PE Buy Date and PE Sell Date show the trailing reported PE using the price we paid or the price we received on the day of First Buy and Last Sell, or a nearby date if we do not have data on the trade date. In this table in letters prior to 2019, we used the stock's closing price for the day in the Price / IV and the PE columns. From 2019 onward, we use our actual transaction prices.

portfolio size. Our annualized turnover since inception is 30%. Looking only at exits, we held the Figure 1 stocks 2.4 years on average, with a median holding period of 1.7 years.

The second implication is that many stocks we sold were cheap when we sold them. We bought these 13 stocks with an average PE of 7.7 and sold them at a lower average PE of 6.4. In terms of discount to our estimate to intrinsic value, we bought these 13 stocks at an average discount of 35% and sold them when they were only slightly more expensive, at an average discount of 28%. Our strong EPS growth in 2021 did lower PEs and raise intrinsic values during our holding period, allowing us to profit in most cases without PE expansion or much discount narrowing. To conclude, we did not sell most of these stocks because they became too expensive, but rather because they became too risky. Conditions in these home countries meant that good companies with good managements were no longer good investments for US-dollar based investors. To paraphrase Warren Buffett, when a good management meets a bad currency, it is the currency that emerges with its reputation intact.

LB Finance (Sri Lanka)

We refer you to our August 2021 monthly comment for a thorough discussion of this exit, the final of three Sri Lanka sales we made last year. We saw the writing on the wall then, and reality since our August comment has become worse than we imagined. In denial, the Rajapaksa administration allowed the country's usable, liquid international reserves to deplete to below $50 million; as we warned, Sri Lanka defaulted on its debt; and, as we predicted, with no one willing to help them in the size needed, authorities finally began talking to the IMF after saying initially the IMF was unnecessary. We were happy to exit at a final exchange rate of 209 rupees to the dollar. On 30 June 2022, our Bloomberg told us it took 360 rupees to buy a greenback. We don't know whether this is an accurate price for international investors,[10] but we can say that mathematically the rupee has fallen at least 42% since we left. The store-of-value bubble that inflated Sri Lankan stock prices in 2021 popped as the currency, debt, and economic crises escalated. The Colombo Stock Exchange All Shares index peaked at 13,462 on 19 January 2022; on 26 April 2022—about 3 months later—it was 6,905, a 49% drop in rupees. The MSCI Sri Lanka index reports a total USD return of -75% during this three-month peak-to-trough drop. In just under five years, we made $1.3 million on LB Finance, a 14% IRR. Since we sold, this stock has lost nearly 60% in USD. On 30 June 2022, it was at an eight-year USD low and at a price it first reached in 2010.

Sri Lanka has a long path to recovery. For starters, it needs a competent, working government (most ministers resigned); it must restructure its debt; it may need to bail out local banks that hold the debt (watch out for multiple, serial debt restructurings to keep the banking system solvent); and it must agree to an IMF program. Other chores include developing a credible and sustainable fiscal budget, likely with higher taxes; crafting a credible currency policy that stabilizes the rupee; taming inflation, now at 55% (in large part because of the downward currency spiral); making possible political system changes to reduce presidential power; and deciding when to hold the next elections.

[10] Bloomberg calculates its exchange rates using quotes from banks, but what banks report to Bloomberg is not always reality. At times, when the government was in its denial period, the central bank jawboned banks from accurately reporting the exchange rates at which they were pricing most transactions. At other times, the central bank prohibited banks from trading beyond certain rates. You would only know the true rate on a given day if you were active in the market. After we exited the country, we no longer had firsthand visibility on exchange rates.

DP Eurasia (Turkey)

Similar to LB Finance, we wrote about the DP Eurasia exit in a prior (November 2021) monthly comment, so we refer you to that discussion. Here, we will provide the rest of the story.

We made $4.1 million on DP Eurasia in 2.0 years, a 38% IRR. We probably paid too much on our initial buy in October 2019, but we redeemed ourselves with a similar-sized share purchase on 27 March 2020 around the all-time low. The stock languished in 2020, then we more than doubled our money in 2021. After we sold, DP Eurasia has experienced a double dose of some of the worst macro imaginable. Events in its home country of Turkey were foreseeable and the key reason we sold. President Erdogan's madcap views on inflation and interest rates continue. The inflation rate was 20% when we sold. It is now 79% through June 2022, up 13 straight months. Under Erdogan's thumb, the central bank cut its policy rate from 19% to 16% in September and October 2021 before our sale. The central bank's response to the inflation surge? Rates now stand 200 basis points *lower*, at 14%. The lira has done the expected. From 9.54 on the day of our sale, it peaked at 17.35 on 23 June 2022, a 45% drop in purchasing power.

This would be bad enough, but DP Eurasia's number two country is Russia, which of course invaded Ukraine on 24 February 2022, giving us a second reason to be happy we sold.

Ghana Commercial Bank

Our concerns over credit quality in GCB's Q2 2021 financials led us to patiently sell this small, illiquid position from the end of July through early November 2021. Non-performing loans (NPL) exploded to 21% of the loan book as COVID halted two prominent construction projects (a hotel and a mall). While it appeared that most likely the projects would resume and that no permanent earnings hit would occur, other factors present made it clear to us that we should sell GCB. In the year following our 2019 purchase of GCB, we bought a higher quality company, MTN Ghana, when its stock fell into our price range. MTN Ghana performed well, boosting our Ghana portfolio weight to 8%. That was higher than we preferred for a country with a notoriously weak currency, the appropriately named cedi. We did not see a near-term scenario where we would add to our small GCB position, so with the NPL and currency uncertainty, it was logical to de-risk and book our minor gain. We made $0.3 million over 2.5 years, a 7% IRR.

Further below, we discuss our MTN Ghana position and what happened next in the country.

Indus Motor (Pakistan)

This was our second time owning Indus, an assembler and importer of Toyota vehicles, and the most successful automobile company in Pakistan. Our first experience gave us a $4.2 million profit, for a 31% IRR over four years through 2014. This time around we made an immaterial profit over nine months. We consider that an acceptable outcome, because, like many write-ups here, things got worse as the concerns that led us to sell materialized after our exit. Our about-face decision to exit Indus shortly after buying in March and April 2021 occurred when we saw two unexpectedly poor economic data points in one week in September 2021. On September 17, Pakistan reported that, due to rising imports, its current account deficit exploded upward from $0.8 billion in July to $1.5 billion for August versus a $0.3 billion surplus in August 2020. On September 23, the country reported that its international reserves for the prior week dropped to $19.5 billion from $20.0 billion. Reserves had been on an upward trajectory, reaching an all-time high of $20.1 billion only three weeks before.

A rapidly rising current account deficit and an unexpected fall in reserves are twin signals warning you that the party is over for a fragile country like Pakistan. These two data points together told us that the reserves uptrend had ended, and a new, likely prolonged, downtrend had begun. We had viewed this movie three times before in Pakistan: 2008, 2011-2013, and 2017-2019.[11] Here is the script for this film genre. A larger current account deficit shrinks reserves and weakens the currency. This diminished buying power boosts inflation, requiring higher interest rates, which slow economic growth. Administrative measures ensue to discourage imports and to bolster sagging tax revenue from a flagging economy. Eventually, with reserves depleted, debt coming due, and the country otherwise unfinanceable, it turns to the IMF to lend money in exchange for painful but necessary economic reforms.

This plot hurts Indus in multiple ways. A weakening rupee makes Indus's imported cars, assembly kits, parts, and equipment more expensive. Higher interest rates discourage those car buyers who finance the purchase. Administrative measures restrict imports of the higher-end, higher-margin vehicles that Indus imports rather than assembling locally. Indus has strong management that executes well and has seen many crises. It is highly profitable with virtually no debt. There's no doubt about its survival and we think it will likely emerge from this crisis stronger relative to its competition. Nevertheless, we thought it inevitable that its stock price would decline. The MSCI Pakistan Index has a total USD return of -32% from our last Indus sale date through the end of Q2. Frankly, Indus has held up better than we expected, as the weak yen has helped offset the weak Pakistan rupee on the imports Indus makes from Japan. Nevertheless, as we feared, Indus's gross margin has fallen from 12.3% in the June 2021 quarter to 7.7% in the March 2022 quarter. Through Q2, Indus is -19% in dollar terms from our last sale price and -16% on a total USD return basis after dividends.

Pakistan itself has fared less well. International reserves fell from the $20.1 billion peak to recent low of $8.2 billion.[12] Inflation rose from 8.4% in August 2021 to 21.3% in June 2022. It took 152 rupees to buy a dollar in May 2021, but on 21 June 2022, you needed 212, an all-time high. Parliament ousted Prime Minister Imran Khan in an April 2022 no-confidence vote. Analysts believed the country's initial budget proposal for the fiscal year beginning July 2022 needed additional reforms and a lower deficit before the IMF would resume lending.[13] On 24

---

[11] We held Indus throughout our second viewing of this movie, 2011-2013. Indus was a good investment over four years, but we decompose that into three so-so years through the end of 2013, where we made $0.6 million, and one great year, 2014, where we made $3.6 million. The difference? An IMF program beginning 4 September 2013 that stabilized Pakistan's economy. That program expired 30 September 2016, Pakistan's international reserves peaked two weeks later, and the country's troubles began again in 2017. We observe that USD troughs and peaks in Pakistan's stock market tend to follow the beginning and the end (or suspension), respectively, of IMF programs.

[12] For the week ended 17 June 2022. Pakistan announced a large increase in reserves from $8.2 billion to $10.3 billion for the week ended 24 June 2022 after the China Development Bank loaned Pakistan $2.3 billion. Absent this loan, reserves would have shrunk $200 million. Reserves fell another $500 million for the week ending 1 July 2022.

[13] Given this tenuous situation, one might wonder why we now again have 2% of our portfolio in Pakistan after we left the country with our Indus sale. The company we now own does not have its headquarters in Pakistan, nor does its stock trade there. Its operations span 13 emerging and frontier countries. Among its countries that are in our

June 2022, the government announced an incremental one-time 10-percentage point income tax levy on corporates to reduce the budget gap. It also has raised power and fuel prices, cutting subsidies. As Q2 ended, talks were set to resume. We expect an IMF agreement; we don't see another practical way for Pakistan to avoid debt default.

Grupo Suramericana, non-voting shares (Colombia)

Suramericana is a financial conglomerate in Colombia and parts of Central and South America, featuring insurance, banking, and pension management, with significant listed stakes in other leading Colombian businesses. We have known the company since early in our history, making a minor profit owning a pension subsidiary in the three years ending 2012.

At the time we purchased Suramericana's non-voting shares, they traded at a 41% discount to our estimate of the sum-of-the-parts (SOTP) of the underlying businesses. The idea here was to buy assets worth $1.00 for $0.60 or less and hold until the discount narrowed to 20% or less, hopefully with the assets increasing in value during the holding period. That is what happened, and we realized a 41% IRR in 1.4 years, making $0.4 million. Our gain was small because we were not able to buy as much stock as we wanted within our 40% discount requirement. Our position was <1% of the fund before we sold. This is one of the two holdings where macro factors played no part in our sell decision.

The SOTP theme of buying $1 for far less and holding patiently for price appreciation in what you own is one that we have played repeatedly after global selloffs such as the GFC, the 2011 euro crisis, and COVID. In a crisis, SOTP discounts blow out rapidly over several months, yet return toward normal only gradually over several years. This was widespread with closed-end funds following the GFC and euro crisis, where we made money four times out of four, and with holding companies following COVID, where we still own four positions. Not all large discounts merit investment though. For example, we may have looked at over 50 closed-end funds to find the four we chose. Discounts could remain wide because of governance and agency issues or inflated valuations of the underlying assets. Discounts can close two ways, and we must be confident the discount will close the good way (through what we own appreciating), rather than the bad way (through price declines in the underlying assets).

Scancom (MTN Ghana)

MTN Ghana operates the leading mobile phone network in Ghana with over 50% market share in voice and data and over 90% share in mobile money. We thought it had the best mobile money story in the world, and it was one of two such companies we discussed in disguised form in our March 2021 comment. We bought the stock initially in January 2020 at a good price and then we more than doubled our shares owned over the rest of 2020 as COVID pushed prices lower. Overall, we had solid profit of $3.4 million in 2 years, for a 39% IRR.

The Ghanian government also noticed MTN's superior profit generating capabilities. On 17 November 2021, to help reduce the country's fiscal deficit after COVID, the government proposed a 1.75% e-levy, the main target being mobile money transactions. We sold our 6% position in the seven weeks that followed. Our assessment was that—despite intense lobbying

universe, Pakistan happens to be the largest. Thus, we classify it as Pakistan, even though Pakistan accounts for less than one-fifth of its business.

and strong opposition to this new tax—it would become law in some form because its revenue raising potential was high compared to the mooted alternatives. We expected it would hurt mobile money growth for 2022 based upon the experience of carriers in other African countries such as Tanzania and Uganda when similar taxes occurred.

Ghana wins plaudits for its democracy where power routinely transfers peacefully between opposition parties. Ghana does not merit praise, however, for its fiscal and currency management. For example, its cedi currency has lost nearly 90% of its value during Frontaura's 15-year history. At times, the currency can be stable, or even appreciate, but its long-term direction is down, and this was a second factor that chased us from the country. As our sales of Ghana Commercial Bank, discussed above, continued, we saw that the exchange rates we received were increasingly diverging from Bloomberg-quoted rates, a warning sign of worsening dollar availability and a possible currency crisis. As with Sri Lanka, this tipped us off, and made our MTN Ghana exit decision an easier one.

We sold MTN Ghana from 19 November 2021 through 4 January 2022 at local prices from 1.25 down to 1.05. The exchange rates we received varied from 6.43 to 6.68, and were 4.0% to 8.5% worse than Bloomberg rates, with some slight repatriation delays. In dollar terms, our first sale was at $0.1874 per share, our last at $0.1596.

After months of acrimonious debate, including a brawl in parliament, legislators finally passed the e-levy on 29 March 2022 at a 1.50% rate per transaction, effective 1 May 2022. In the second half of June 2022, MTN Ghana traded significant volume as low as 0.85, which, at the Bloomberg exchange rate, would put its USD price around $0.1050, 34%-44% below our sale prices. Since we are no longer active in the Ghana FX market, we are unsure of what the actual exchange rate would be now for someone buying dollars, so the actual dollar decline may be somewhat worse. Bloomberg quoted the cedi around 8 per dollar at quarter-end.

Bank of South Pacific (Papua New Guinea)

BSP is the Figure 1 company we held the longest. While our 9% IRR was modest, the 9.4-year holding period turned this into a respectable $5.8 million winner. We sold for reasons similar to MTN Ghana. The Papua New Guinea (PNG) government, reducing a COVID budget deficit, introduced a "dominant industry player levy" that applied to only the leading bank (BSP) and the leading telecom. The government, like us, coveted BSP's near-30% ROE and double-digit dividend yield. This additional company tax charged BSP a fixed recurring amount beginning in 2022 that equaled 18% of its 2021 net income.

Back-to-back levies in Ghana and PNG had us channeling our inner Led Zeppelin. Robert Plant sang what to do five decades earlier—it was time to take our money back to Chicago.

> *Cryin' won't help you, prayin' won't do you no good*
> *When the levee breaks, mama, you've got to move…*
> *Goin' to Chicago*
> *Sorry, but I can't take you*[14]

---

[14] Lyrics from the 1971 Led Zeppelin version of "When the Levee Breaks" as reworked from the 1929 blues original by Memphis Minnie and Kansas Joe McCoy.

Currency was a second factor in PNG as in Ghana, although somewhat different. Ghana had minor delays but significant slippage (the rate you got was worse than advertised and you never knew what rate you would get), while PNG had major delays in repatriation but at a known rate, other than infrequent, quite small devaluations. This had been the case throughout almost all our BSP ownership period, with the delays ranging from a few days to multiple months depending on supply of and demand for dollars at any moment in this small country. PNG announced its dominant industry player levy 25 November 2021, eight days after Ghana's e-levy. We sold BSP over three months starting on that memorable Thanksgiving night in the US, as we juggled guests, football, and many trading phone calls. We received our final dollars 1 April 2022.

Pryce Corp. (Philippines)

Pryce makes most of its money from selling LPG cannisters to consumers who use gas for everyday cooking. We made a minor $0.5 million profit on this niche business with an 18% IRR over 1.7 years. Our exit, mostly in a single sale to the majority owner, allowed us to focus on other companies in the Philippines that we liked even better, where the stocks were more liquid. This was the second company in our sell list, along with Grupo Suramericana, where the sell decision was unrelated to macro factors.

Russia's invasion of Ukraine

We list the reason for each of our last five sales as "country." All occurred after Russia's invasion of Ukraine[15] and all relate to that event, although in different ways. If not for the invasion, we would likely still hold these five positions. In each case, we quite liked the companies, all leaders at what they do, and all managed well, but unfortunately all in countries where risk materially increased to where we decided to no longer own the positions. With a global stock selloff present, we were able to redeploy the sale proceeds into other situations where we assessed the risk of permanent loss to be lower.

Our sales in Kazakhstan (two companies) and Georgia are due to those countries being in Russia's sphere of influence, where we see higher risk now of an unpredictable negative outcome. While our base case is these three companies will do fine, we sold to avoid a tail case. We didn't want to find one day that, through no fault of the country or the company, the stock we owned was permanently worth a material amount less than the day before.

We reduced our weight in Egypt because of its vulnerability to a food supply shock as about 80% of its wheat imports come from Russia and Ukraine. Finally, in Kenya, our sale was more due to the country's across-the-board increased vulnerability post-invasion as existing global inflation, fiscal deficit, debt, and currency weakness challenges worsen. Combined, we made a small profit on these five holdings, over our holding periods that began 2019-2021. Our gain in Kaspi slightly more than offset the losses in TBC Bank and Equity Bank while Commercial International Bank and Halyk Bank were around break-even. All five, however, lost us money in 2022, and these five explain about three-quarters of our losses this year.

---

[15] Our last sale of Pryce Corp. that we discussed in the prior paragraph occurred after the invasion began but we had begun selling before the invasion and our reason for selling Pryce had nothing to do with the invasion.

We did not sell any of these holdings immediately after the February 24 invasion. In Egypt, we can say with hindsight that we should have sold sooner. We identified the wheat import risk on the first day of the invasion but held. Egyptian stock prices have continued to fall after our sale, so the idiom better late than never applies here, however. In Kazakhstan and Georgia, waiting for the initial dramatic fall in share prices to rebound paid off. Our final sale price in Kaspi, Halyk, and TBC were 70%, 42%, and 22%, respectively, above their closing-price lows in March.[16]

In Kenya, when the invasion occurred, we did not think the situation merited a sale. As global conditions worsened (this coming as much from the US and Europe as from Russia and Ukraine, but it's all related), Kenya's position worsened to where a sale did make sense to us. Kenyan prices have fallen since we sold, so like Egypt, while more alacrity initially might have been better, better late than never applies here also.

Commercial International Bank (Egypt)

CIB is the largest and most liquid stock in Egyptian indices and thus a proxy for the country. When interest in Egypt increases, investors tend to buy CIB first and when interest wanes, they sell it first. Fortunately, it is also a well-run and quite profitable bank with an ROE averaging 23% over the past decade. Initially, post-invasion, we focused too much on the latter point (good company) and not enough on the former point (country proxy) in thinking about this position. In terms of stock direction, our experience is that a country in crisis will overwhelm a good company with good management. A 14% devaluation in the Egyptian pound on March 21 snapped us to attention. We exited CIB by the end of March, breaking even over 10 months, a disappointing outcome for us considering we were up 35% at the end of 2021 after we bought it well in May and June 2021 on technical weakness. Our consolation is that CIB's London-listed shares, which trade in dollars, fell 31% in Q2 after we sold on the final day of Q1.[17]

TBC Bank (Georgia)

TBC is the largest bank in the Georgian banking system, a duopoly with similar-sized Bank of Georgia and it together making up three-quarters of the market. We've owned TBC twice. We made $3.0 million from 2016-2019, for a 46% IRR. This time we lost 25%, or $1.4 million, over eight months, comprised of an $0.8 million gain in 2021 and a $2.2 million decline this year. Putin risk is a permanent attribute of any Georgian investment. In the past, we have seen Putin act economically (banning Georgian exports to Russia and prohibiting passenger flights between the two countries) and militarily (invading Georgia on the eve of the August 2008 Beijing Summer Olympics[18]). We have never liked this risk, but

[16] 197%, 67%, and 33%, respectively, above their February or March intraday lows.

[17] CIB trades in Egypt in Egyptian pounds and in London in US dollars. We owned both stocks, buying whichever was cheaper in dollar terms at the time. The Egypt line finished Q2 down 21% in dollars since our final sale of that stock on 31 March 2022.

[18] In 2022, owing to China's unbreakable friendship with Russia, Putin politely waited until four days after the end of Xi's Beijing Winter Olympics to invade a neighbor, following his own precedent from eight years earlier. On 27 February 2014, the "little green men" (per Wikipedia, masked soldiers of the Russian Federation in unmarked green

it usually offers the compensation of lower valuations when we buy. In 2022, it meant even lower valuations when we sold. Our hindsight portfolio might have avoided investing in TBC in 2021, but this logic would rule out the 2016 investment also. Taken together, our two TBC forays did produce an acceptable $1.6 million profit, with a 35% IRR. Still, we wish we had even more to show for our time in the Caucasus.

Our base case remained that TBC would perform well after we decided to sell, both in terms of earnings and stock price performance. Nevertheless, as we wrote in the introduction above summarizing the war-driven sales, we exited this position to avoid the tail risk of a further significant permanent loss. The rally we sold into continued beyond our sale. After an intraday low of 8.32 British pounds (TBC's shares trade in London) on 7 March 2022, we sold at a final price of 11.03 on 6 April 2022. The shares closed Q2 at 12.64 after hitting 15.18 intraday on 31 May 2022. In dollar terms, the price is up 7% since we sold (the pound weakened). The total return including a dividend is 12%. Of course, unbooked gains can always be ephemeral—even more so in the former Soviet Union.

Putin risk remains, for he considers Georgia (like Ukraine) to be part of Russia's sphere of influence and Georgia (like Ukraine) aspires to join NATO, which we think will never happen. NATO foolishly encouraged this flirtation in its April 2008 Bucharest Summit when it promised eventual membership to Georgia and Ukraine. That promise has been a disaster for both countries. Four months later, Russia invaded Georgia, seizing the two separatist regions of Abkhazia and South Ossetia; six years later, Russia seized territory in Ukraine twice (Crimea and Donbas); and now 14 years later Russia launched an all-out war against Ukraine. We believe Georgia would be wiser to pursue official neutrality without military alliances, a direction Ukraine is finally moving toward, even as NATO members provide it heavy aid.

We think the odds are against Georgian EU membership happening this decade. In June, Putin said he had nothing against Ukraine joining the EU as it is an economic union, not a military bloc. We haven't found Putin's past words to be trustworthy, and we note a possible 2013 EU-Ukraine treaty triggered a series of events that led to Russia's 2014 incursions into Ukraine. Russia has its hands full in Ukraine, but any of the multiple actors in Georgia (Georgian citizens and politicians, the separatist leaders and population, and the Russian military) could miscalculate and unwittingly cause an escalation with a bad outcome for Georgia. It is not hard for us to imagine the Georgian population, hopefully, but possibly naively, pushing or electing local politicians to step up EU or NATO pursuits.[19] The Georgian politicians respond to the electorate, and Russia retaliates against Georgia. Alternatively, the Russian-occupied separatist regions in Georgia could stage a provocation (a referendum to join Russia, perhaps[20]) that Georgia can't ignore. We'll watch from the sidelines.

---

army uniforms) takeover of Crimea began, four days after the Sochi Winter Olympics concluded. Something about Olympic competition must stir Putin's military adrenaline.

[19] Especially after the EU on 17 June 2022 gave candidate status to Ukraine and Moldova but not to Georgia, saying that its readiness was further behind.

[20] Incumbent President Bibilov of South Ossetia made this exact promise of a referendum to join Russia in March 2022 during his reelection campaign. He lost the May 2022 runoff election, and the referendum idea has likely died for now. Like a phoenix, though, it may yet rise again, if an actor saw a political advantage to promote the idea.

Kaspi (Kazakhstan)
Halyk Bank (Kazakhstan)

We made $7.1 million in Kazakhstan in 2021, enjoying a 71% gain. Like a NASDAQ stock, we (nearly) gave it all back in 2022, losing $6.7 million, a 45% loss. We have discussed Kaspi, Halyk, and Kazakhstan many times before,[21] so we'll limit ourselves here to the country sell decision that led us to exit both stocks.

We think Kazakhstan is less vulnerable than Georgia to Russia risk, but still not immune. Since its independence in 1991, Kazakhstan has done an excellent job of encouraging people of Kazakh origin to migrate back to their home country, boosting Kazakhs from 40% of the population to 68% in 2018. Inward Kazakh migration combined with Russian outmigration, has seen the Russian ethnicity fall from 37% at independence to below 20% in 2018. The two most important cities, Almaty (the economic center) and Nur-Sultan (the political capital, formerly known as Astana) have turned from majority Russian to majority Kazakh. The farsighted policy to bolster the Kazakh population began long before Putin gained power and elsewhere began using the protection of Russian minorities as a pretext for military action. That said, the Russian minority remains sizable and is a majority in some areas, especially close to the Russian border.[22] Further, in January 2022, Kazakh President Tokayev relied upon troops from CSTO allies, primarily Russia, to help him stop domestic Kazakh protests that Tokayev's political opponents highjacked into a coup attempt, as we discussed in our January 2022 comment.[23] In the months since, Tokayev has impressed us with the way that he has walked a neutral path between Russia, China, and the West. Putin, nonetheless, probably thinks that he earned a loyalty chit in January that he can redeem when he so chooses. Thus, Russia's potential to disrupt Kazakhstan remains.

Kazakhstan is a stronger country than Ukraine or Georgia because of its energy wealth, but even here it has a Russian vulnerability. Nearly eighty percent of Kazakh oil exports flow through the Caspian Pipeline Consortium (CPC) that transits Russia, ending at Novorossiysk, a Russian Black Sea port city. It would not be quick or easy for landlocked Kazakhstan to divert its CPC exports elsewhere and a CPC shutdown would imperil Kazakhstan economically. The US Treasury specifically exempted Kazakh oil from US sanctions. It is possible, but impractical, to separate Kazakh oil from Russian oil within the same pipeline. About 90% of CPC Blend oil originates in Kazakhstan, so the fudge to date is for everyone to just assume that CPC Blend is Kazakh, not Russian.

---

[21] Most recently in our January 2022 and February 2022 comments. These comments have links to earlier mentions.

[22] For a discussion of Kazakhstan's ethnic evolution see chapter 11 (Mother Russia), and especially pages 118-119, of Joanna Lillis's *Dark Shadows: Inside the Secret World of Kazakhstan*, published by I. B. Tauris & Co. Ltd in 2019. An updated paperback version from May 2022 has different chapter and page numbers. It is available on Amazon.

[23] The January protests-cum-coup were a negative surprise for formerly stable Kazakhstan. While these events knocked down prices of Kaspi and Halyk significantly, the stocks were recovering, and we planned to hold them as we thought their investment theses were intact before Russia invaded Ukraine. Of the two events, increased Russia risk after its invasion influenced us more than January's domestic instability. It is fair to say, though, that Kazakhstan's exposure to Russia risk is higher than it might otherwise be because of the helpful role that Russia played in ending January's uprising.

In March, a Black Sea storm disabled two of the three CPC Black Sea mooring (loading) sites. Normally, we would ignore a seemingly temporary issue like this. We began to worry, however, because the outage narrative changed often, and we weren't sure what the true story was as to this disruption of over half of Kazakh oil exports. Was this just storm damage, or was Russia playing a role of mischief maker to prove its power to both the West and Kazakhstan? We assumed throughout that most likely the port issue would resolve itself. It did, with one damaged mooring operable after a month and the other after two months. Nevertheless, this anecdotal episode revealed to us the vulnerability of our Kazakhstan investments to tail risk issues beyond the control of Kaspi, Halyk, or the Kazakh government. Demonstrating this, in April, the Kazakh government lowered its GDP growth estimate for 2022 by 1.8 percentage points due to the reduced CPC loadings. When Kazakh stocks rallied substantially from their lows, we made the decision to de-risk our portfolio by selling. After our exit, further CPC chicanery transpired. In June, authorities restricted CPC loading capacity temporarily after discovering a sea mine (from World War II!). In July, a Russian court ordered a 30-day CPC loading halt after the CPC failed Russia's environmental audit in May.

Kaspi traded at an intraday low of $20.00 on February 24 (invasion day) and a closing low of $35.00 on March 8. We sold in three trading days April 7-11 at an average price of $61.05. The stock ended Q2 at 45.50. We booked a $2.8 million profit on Kaspi, for a 53% IRR in 1.5 years. We broke even on Halyk in 2.7 years, a disappointing finish considering where we once were, but our exit at an average price of $10.07 in the five trading days through April 13 was much better than the intraday low of $6.00 on March 7 or the closing low of $7.06 on March 4. The stock has traded around our exit price since we sold, finishing Q2 at $10.00.

Equity Bank (Kenya)

Equity Bank is the largest bank domiciled in Kenya and is also expanding rapidly to the Democratic Republic of Congo and the East Africa region. We expect it to do well in the long term, but in Q2 we realized all Kenyan equities will have challenges producing positive USD returns in the short term, with a depreciating currency causing a negative feedback loop for the country and the stock market.

We bought Equity Bank in November and December 2021 and sold it in June 2022. You could fault us for not having enough foresight in seeing how vulnerable Kenya would become. It's not our style to be a short-term trader, but in our opinion, the facts changed materially, and we changed our view accordingly. We knew when we bought that inflation and interest rates were rising globally and would go higher still, creating vulnerabilities for some countries. Readers of our quarterly letters and our monthly comments will recall that we have actively discussed these risks for 18 months now.[24] It was not that we thought Kenya was immune, rather we thought it was in a category of somewhat vulnerable, with the strength of the Equity Bank investment idea able to overcome Kenya's macro challenges. The global situation has become worse in 2022, war being the biggest catalyst. Now we would put Kenya in a category

[24] In our 2020 Q4 letter, we labeled inflation our second biggest macro worry (points 12-13, page 5). Three months later, in our 2021 Q1 letter, we elevated inflation to our top macro concern (points 10-11 on pages 4-5), explaining mathematically why the US was likely to suffer a big inflation jump in its March through May 2021 inflation reports from a benign 1.7%-level in February. With our July 2021 monthly comment, we began a running commentary, which continued in numerous monthlies and quarterlies, on the EM and FM central banks that were responding to inflation with aggressive rate hikes. In our 2021 Q4 letter (pages 4-5), we said inflation and rate hikes would be the theme for 2022 in global markets.

of definitely vulnerable, already being affected, with downside risk from here. Rising Kenyan sovereign risk has meant falling Kenyan government Eurobond prices and Equity Bank is a large holder of these instruments. Even though these mark-to-market losses do not flow through Equity Bank's income statement, they will still erode the bank's equity capital. We thought Kenya's challenges had grown to where they would dominate the outcome of an investment in Equity Bank, so we sold, realizing a 17% loss of $1.1 million.

Management Company News

We have a recent addition, promotion, and departure. Sean Furlong joined us an operations analyst on June 27, getting to experience the busy month-end and quarter-end cycle from day one. Sean is a 2022 graduate of Washington University in St. Louis, breezing through in three years with a bachelor's degree in business administration. He lived in Hong Kong the prior four years, graduating high school from the Hong Kong International School. Sean will handle daily trade settlements, cash movements, and trade and portfolio accounting, interacting with our brokers, custodians, administrator, other service providers, and clients.

We promoted Christian Andrews from operations analyst to research analyst, a role he already was performing part-time. Christian joined us three years ago from University of Virginia and earned the Chartered Financial Analyst (CFA) designation earlier this year.

Shaheen Bharwani leaves us after three years as a research analyst, making a career switch to architecture, where he hopes to bring his talent to emerging and frontier countries. We thank him for his diligent effort uncovering investment bargains globally for our investors.

We thank you for being a Frontaura investor.

Best regards,

Nick Padgett, CFA, and Tim Raschuk, CFA
Frontaura Capital LLC
Two Prudential Plaza, 180 North Stetson Avenue, Suite 1935
Chicago, Illinois 60601 USA
Phone: +1 312 777 1500   Fax: +1 312 268 5004   info@frontauracapital.com

Statistical Appendix

Our Statistical Appendix follows this section. Figure A1 shows annual, cumulative, and compounded returns for us and the indices we typically cite. Figure A2 shows quarterly performance for Frontaura and these indices. Figure A3 shows our monthly returns since inception. Figure A4 shows Frontaura's returns in US dollars and six foreign currencies that are the home currencies of our investors.

Please see Figure A5 for portfolio mix by country, region, and sector, along with our portfolio statistics. Figures A6 and A7 show quarterly country attribution by dollar and percentage returns. Figure A8 shows regional attribution, including at the country level within each region. Figures A9 and A10 show changes in country mix for the quarter and the last 12 months. Figure A11 shows portfolio concentration changes over the last three and 12 months.

Statistical Appendix

Figure A1
Frontaura Global Frontier Fund LLC
Annual Frontaura and Index Performance[25]
30 June 2022

Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500
2008	-28%		-54%	-53%	-43%	-37%
2009	46%		12%	79%	32%	26%
2010	37%		24%	19%	8%	15%
2011	-15%	-29%	-19%	-18%	-12%	2%
2012	18%	6%	9%	18%	17%	16%
2013	26%	32%	26%	-3%	23%	32%
2014	-3%	6%	7%	-2%	-5%	14%
2015	-5%	-8%	-14%	-15%	-1%	1%
2016	7%	15%	3%	11%	1%	12%
2017	17%	23%	32%	37%	25%	22%
2018	-13%	-17%	-16%	-15%	-14%	-4%
2019	-1%	-2%	18%	18%	22%	31%
2020	3%	5%	1%	18%	8%	18%
2021	34%	42%	20%	-3%	11%	29%
YTD 2022	-11%	-16%	-21%	-18%	-20%	-20%
1 Year	-2%	-1%	-17%	-25%	-18%	-11%
after 2020 08	46%	38%	7%	-5%	1%	11%
after 2020 03	58%	64%	31%	24%	25%	52%
3 Year	15%	23%	2%	2%	3%	35%
5 Year	12%	7%	9%	11%	12%	71%
7 Year	26%	33%	14%	21%	20%	109%
10 Year	76%	95%	64%	35%	69%	238%
Inception to Date	126%		-14%	6%	16%	230%
3 Year CAGR	4.7%	7.2%	0.6%	0.6%	1.1%	10.6%
5 Year CAGR	2.3%	1.4%	1.6%	2.2%	2.2%	11.3%
7 Year CAGR	3.3%	4.1%	1.9%	2.8%	2.7%	11.1%
10 Year CAGR	5.8%	6.9%	5.1%	3.1%	5.4%	13.0%
ITD CAGR	5.7%		-1.0%	0.4%	1.0%	8.5%

* We present MSCI returns as they report them, although we think they overstate performance by 1-2 percentage points in 2020 by not marking down the Nigerian naira (see our 2020 Q4 letter, page 3) and by 0-1 percentage point in 2021 by not marking down the Sri Lankan rupee (see our August 2021 comment). The Nigeria issue persists, causing further overstatement in 2022. Sri Lanka devalued March 2022. We are out of this market, so we don't know if the quoted rate is accessible to investors. If it is, the overstatement has corrected itself; if not, it persists.

---

[25] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2021. Index returns are in USD on a total return basis, net of any withholding tax. We discuss our returns and different series and we explain the different indices we show here.

Figure A2
Frontaura Global Frontier Fund LLC
Quarterly Frontaura and Index Performance[26]
30 June 2022

Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500	Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500
2007 Q4	2%		4%	-7%	-5%	-5%	2015 Q1	-3%	-4%	-3%	2%	5%	1%
2008 Q1	1%		-2%	-11%	-9%	-9%	2015 Q2	3%	2%	0%	1%	1%	0%
2008 Q2	6%		2%	-1%	-2%	-3%	2015 Q3	-6%	-6%	-11%	-18%	-10%	-6%
2008 Q3	-11%		-23%	-27%	-21%	-8%	2015 Q4	1%	-1%	-1%	1%	5%	7%
2008 Q4	-25%		-41%	-28%	-20%	-22%	2016 Q1	-1%	-1%	-1%	6%	-3%	1%
2009 Q1	-2%		-17%	1%	-14%	-11%	2016 Q2	4%	5%	0%	1%	-1%	2%
2009 Q2	28%		35%	35%	25%	16%	2016 Q3	2%	4%	3%	9%	6%	4%
2009 Q3	17%		11%	21%	19%	16%	2016 Q4	1%	6%	0%	-4%	-1%	4%
2009 Q4	-1%		-10%	9%	2%	6%	2017 Q1	4%	12%	9%	11%	7%	6%
2010 Q1	10%		11%	2%	1%	5%	2017 Q2	7%	3%	6%	6%	6%	3%
2010 Q2	5%		-10%	-8%	-14%	-11%	2017 Q3	3%	3%	8%	8%	5%	4%
2010 Q3	9%		14%	18%	16%	11%	2017 Q4	3%	3%	6%	7%	4%	7%
2010 Q4	9%		8%	7%	7%	11%	2018 Q1	2%	-1%	5%	1%	-2%	-1%
2011 Q1	2%	-12%	-5%	2%	3%	6%	2018 Q2	-7%	-9%	-15%	-8%	-1%	3%
2011 Q2	-1%	-2%	0%	-1%	2%	0%	2018 Q3	-5%	-4%	-2%	-1%	1%	8%
2011 Q3	-10%	-12%	-12%	-23%	-19%	-14%	2018 Q4	-3%	-5%	-4%	-7%	-13%	-14%
2011 Q4	-6%	-7%	-2%	4%	3%	12%	2019 Q1	2%	-1%	7%	10%	10%	14%
2012 Q1	6%	6%	6%	14%	11%	13%	2019 Q2	3%	0%	5%	1%	4%	4%
2012 Q2	-3%	-6%	-7%	-9%	-7%	-3%	2019 Q3	-5%	-3%	-1%	-4%	-1%	2%
2012 Q3	5%	6%	7%	8%	7%	6%	2019 Q4	-1%	2%	7%	12%	8%	9%
2012 Q4	9%	1%	3%	6%	7%	0%	2020 Q1	-22%	-24%	-27%	-24%	-23%	-20%
2013 Q1	10%	7%	8%	-2%	5%	11%	2020 Q2	6%	12%	15%	18%	15%	21%
2013 Q2	5%	9%	3%	-8%	-1%	3%	2020 Q3	4%	8%	8%	10%	5%	9%
2013 Q3	1%	1%	6%	6%	12%	5%	2020 Q4	20%	14%	11%	20%	16%	12%
2013 Q4	7%	12%	7%	2%	6%	11%	2021 Q1	2%	5%	1%	2%	3%	6%
2014 Q1	-1%	6%	7%	0%	1%	2%	2021 Q2	20%	14%	14%	5%	5%	9%
2014 Q2	4%	7%	12%	7%	4%	5%	2021 Q3	4%	8%	3%	-8%	0%	1%
2014 Q3	1%	4%	2%	-3%	-6%	1%	2021 Q4	5%	10%	1%	-1%	3%	11%
2014 Q4	-7%	-11%	-12%	-5%	-4%	5%	2022 Q1	-5%	0%	-8%	-7%	-6%	-5%
							2022 Q2	-6%	-16%	-14%	-11%	-15%	-16%

* We present MSCI returns as they report them, although we think they overstate performance by 1-2 percentage points in 2020 by not marking down the Nigerian naira (see our 2020 Q4 letter, page 3) and by 0-1 percentage point in 2021 by not marking down the Sri Lankan rupee (see our August 2021 comment). The Nigeria issue persists, causing further overstatement in 2022. Sri Lanka devalued March 2022. We are out of this market, so we don't know if the quoted rate is accessible to investors. If it is, the overstatement has corrected itself; if not, it persists.

[26] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2021. Index returns are in USD on a total return basis, net of any withholding tax. We discuss our returns and different series and we explain the different indices we show here.

Figure A3
Frontaura Global Frontier Fund LLC
Monthly Frontaura Performance
30 June 2022[27]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007											0.4%	1.6%	2.0%
2008	0.7%	0.6%	-0.1%	3.4%	3.9%	-1.0%	-0.8%	-2.2%	-7.9%	-17.5%	-10.7%	1.4%	-28.1%
2009	-2.0%	-0.4%	0.7%	7.7%	14.4%	4.1%	1.4%	4.7%	10.6%	-1.4%	-0.2%	0.2%	46.0%
2010	-0.9%	4.2%	6.6%	4.5%	-1.2%	1.9%	3.4%	0.7%	4.7%	3.5%	1.5%	3.3%	37.1%
2011	2.8%	-3.7%	2.7%	-0.4%	1.0%	-1.7%	-2.4%	-4.0%	-3.9%	-1.6%	-4.9%	0.7%	-14.8%
2012	-0.5%	3.9%	2.6%	2.4%	-4.4%	-1.3%	2.1%	1.4%	1.9%	2.6%	2.2%	4.3%	18.1%
2013	7.3%	1.9%	1.0%	1.8%	3.8%	-0.3%	2.6%	-2.1%	0.2%	3.1%	2.6%	1.6%	25.9%
2014	0.8%	-0.4%	-1.0%	1.6%	2.0%	0.1%	-0.3%	-0.8%	2.2%	0.9%	-4.5%	-3.3%	-2.9%
2015	-4.3%	1.0%	0.4%	3.9%	0.4%	-1.6%	-1.5%	-3.7%	-0.9%	3.3%	-2.4%	0.1%	-5.5%
2016	-4.8%	-0.6%	4.2%	1.8%	2.9%	-0.3%	1.6%	-0.4%	1.1%	-0.4%	0.7%	0.8%	6.6%
2017	2.9%	-0.1%	1.0%	0.4%	4.1%	2.1%	1.3%	1.0%	0.5%	2.3%	-0.2%	0.8%	17.2%
2018	2.3%	-1.1%	0.4%	0.4%	-6.8%	-0.7%	-0.8%	-1.9%	-2.2%	-3.2%	-0.9%	1.2%	-12.8%
2019	1.2%	0.8%	0.1%	0.3%	1.2%	1.9%	0.4%	-4.0%	-1.7%	-0.9%	-0.6%	0.5%	-0.9%
2020	1.3%	-4.9%	-19.3%	3.1%	0.6%	1.9%	1.7%	0.3%	1.8%	2.4%	9.5%	7.5%	2.8%
2021	0.9%	2.7%	-1.8%	8.5%	5.9%	4.3%	0.6%	4.0%	-0.1%	4.0%	0.1%	1.3%	34.4%
2022	-2.1%	-1.9%	-1.4%	0.9%	-0.3%	-7.1%							-11.4%

[27] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2021. We discuss our returns and different series here.

Figure A4
Frontaura Global Frontier Fund LLC
Performance by Currency[28 29]
30 June 2022

Period	USD	AUD	CAD	CHF	EUR	GBP	SGD
2008	-28%	-10%	-12%	-32%	-25%	-2%	-29%
2009	46%	14%	26%	41%	42%	32%	43%
2010	37%	20%	30%	24%	47%	42%	25%
2011	-15%	-15%	-13%	-15%	-12%	-14%	-14%
2012	18%	16%	15%	15%	16%	13%	11%
2013	26%	47%	35%	23%	21%	24%	30%
2014	-3%	6%	6%	8%	10%	3%	2%
2015	-5%	6%	13%	-5%	5%	0%	1%
2016	7%	8%	4%	8%	10%	27%	9%
2017	17%	8%	10%	12%	3%	7%	8%
2018	-13%	-3%	-5%	-12%	-9%	-8%	-11%
2019	-1%	0%	-6%	-2%	1%	-5%	-2%
2020	3%	-6%	1%	-6%	-6%	0%	1%
2021	34%	42%	34%	39%	44%	36%	37%
2022 Q1	-5%	-8%	-6%	-4%	-3%	-2%	-5%
2022 Q2	-6%	1%	-4%	-3%	-1%	1%	-4%
YTD	-11%	-7%	-10%	-7%	-4%	-2%	-9%
1 Year	-2%	6%	1%	1%	10%	11%	1%
3 Year	15%	17%	13%	12%	25%	20%	18%
5 Year	12%	25%	11%	12%	22%	20%	13%
7 Year	26%	40%	29%	28%	33%	62%	30%
10 Year	76%	161%	123%	77%	113%	127%	94%
Inception to Date	126%	206%	208%	86%	212%	286%	117%
3 Year CAGR	4.7%	5.3%	4.1%	4.0%	7.6%	6.2%	5.7%
5 Year CAGR	2.3%	4.5%	2.1%	2.2%	4.1%	3.7%	2.5%
7 Year CAGR	3.3%	4.9%	3.7%	3.6%	4.2%	7.1%	3.8%
10 Year CAGR	5.8%	10.1%	8.4%	5.9%	7.8%	8.6%	6.8%
ITD CAGR	5.7%	7.9%	8.0%	4.3%	8.1%	9.6%	5.4%

[28] USD = US dollar, AUD = Australian dollar, CAD = Canadian dollar, CHF = Swiss franc, EUR = euro, GBP = British pound, SGD = Singapore dollar.

[29] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited USD results through 2021. We discuss our returns and different series here.

Figure A5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[30]
30 June 2022

Holdings Summary[2]

Country	Holding
Philippines	15%
Côte d'Ivoire	8%
Vietnam	8%
Rwanda	8%
United Arab Emirates	7%
Cambodia	7%
USA (cash & accruals)	6%
Senegal	5%
Peru	4%
Namibia	4%
Nigeria	4%
Chile	4%
Colombia	3%
Tanzania	3%
Egypt	2%
Pakistan	2%
Bangladesh	2%
Uganda	2%
Botswana	2%
Bahrain	1%
Niger	1%
Others	1%

Region	Holding
Sub-Saharan Africa	38%
Southeast Asia	30%
Latin America & Caribbean	12%
Middle East / North Africa	10%
USA (cash & accruals)	6%
South Asia	4%

Sector	Holding
Financials	37%
Consumer Staples	23%
Consumer Discretionary	9%
Cash & accruals (all countries)	9%
Real Estate	7%
Industrials	6%
Communication Services	5%
Health Care	2%
Energy	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	5.9
Portfolio Price to Book	1.00
Portfolio LTM Dividend Yield	6.7%
Weighted Average ROEE	20.7%
Weighted Median ROEE	22.0%
Positions	34
Countries	23
Weighted Average Market Cap	$1,576m
Weighted Median Market Cap	$736m
Portfolio Turnover (12 Months)	46%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	18%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.60
Beta to S&P 500 (ITD)	0.48
Assets Under Management	$123m

[30]Click here for an explanation of our holdings and portfolio statistics.

Figure A6
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Dollar Return)
2022 Q2

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)[31]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Rwanda	2.2	27%	Philippines	-4.3	-19%
Côte d'Ivoire	1.0	10%	Vietnam	-1.5	-15%
Kazakhstan	1.0	13%	Bangladesh	-1.3	-34%
Tanzania	0.7	21%	Kenya	-1.0	-14%
Peru	0.2	4%	Colombia	-0.8	-16%

Figure A7
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2022 Q2

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Rwanda	2.2	27%	Bangladesh	-1.3	-34%
Tanzania	0.7	21%	Philippines	-4.3	-19%
Poland	0.1	20%	Colombia	-0.8	-16%
Kazakhstan	1.0	13%	Pakistan	-0.5	-15%
Ecuador	0.1	11%	Vietnam	-1.5	-15%

[31] This footnote applies to all columns labeled "Frontaura Return ($millions)" and "Frontaura Return (%)" on this page and any similar page. Frontaura individual stock, country, and regional returns are before management fees, fund expenses, and any incentive compensation, as those deductions occur at the fund level and not at the individual stock, country, or regional level. Click here for an explanation of how we calculate country returns.

Figure A8
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2022 Q2

Region / Country	Frontaura Return ($millions)[32]	Frontaura Return (%)	MSCI Small Cap Return (%)[33]	MSCI Standard Return (%)
Sub-Saharan Africa	**1.0**	**2%**		
Rwanda	2.2	27%	--	--
Côte d'Ivoire	1.0	10%	--	
Tanzania	0.7	21%	--	--
Niger Republic	(0.0)	-1%	--	--
Namibia	(0.1)	-3%	--	--
Uganda	(0.3)	-10%	--	--
Senegal	(0.3)	-5%	--	-6%
Botswana	(0.5)	-14%	--	-16%
Nigeria *	(0.7)	-15%	3%	9%
Kenya *	(1.0)	-14%	-10%	-23%
Eurasia	**1.0**	**8%**		
Kazakhstan	1.0	13%	--	-11%
Georgia	0.0	0%	--	--
Eastern Europe	**0.1**	**20%**		
Poland	0.1	20%	-15%	-27%
Latin America & Caribbean	**(0.9)**	**-5%**		
Peru	0.2	4%	-29%	-30%
Ecuador	0.1	11%	--	--
Chile	(0.3)	-5%	-22%	-16%
Colombia	(0.8)	-16%	-18%	-28%
Middle East / North Africa	**(0.9)**	**-6%**		
Bahrain	(0.0)	-2%	-11%	-11%
United Arab Emirates	(0.4)	-5%	1%	-19%
Egypt	(0.4)	-11%	-20%	-20%
South Asia	**(1.8)**	**-26%**		
Pakistan	(0.5)	-15%	--	-27%
Bangladesh	(1.3)	-34%	-10%	-14%
Southeast Asia	**(6.4)**	**-15%**		
Papua New Guinea	0.0	0%	--	--
Cambodia	(0.6)	-7%	--	--
Vietnam	(1.5)	-15%	-34%	-21%
Philippines	(4.3)	-19%	-19%	-19%

*We present MSCI returns for Nigeria and Kenya as they report them, but we use a materially more conservative exchange rate than MSCI for each country, lowering our returns. This explains half or more of the difference between our Nigeria performance and MSCI's. In Kenya, were we to use MSCI's exchange rate assumption, we would outperform their returns. For historical background on Nigeria, see our 2020 Q4 letter, page 3.

---

32 The Frontaura Return footnote on the first attribution table on a prior page applies to all Frontaura Return columns on this page.

33 This footnote applies to all columns labeled "MSCI Small Cap Return" and "MSCI Standard Return" on this page and any page with a similar table. We state MSCI small cap and MSCI standard (large cap and mid-cap stocks) country indices on a total return basis with dividends net of any withholding tax. We show "--" if MSCI does not have a small cap or a standard index for a given country.

Figure A9
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[34]
2022 Q2

Country	Percentage Point Change	Explanation
Peru	+4	Re-entered country
Namibia	+4	Entered country
Cambodia	+3	Increased size of existing position
Pakistan	+2	New multinational position we classify as Pakistan
Egypt	-3	Received cash from Q1 position exit
Papua New Guinea	-3	Received cash from Q1 country exit
Georgia	-3	Exited position and country
Kenya	-5	Exited position
Kazakhstan	-6	Exited positions and country

Figure A10
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
July 2021 - June 2022

Country	Percentage Point Change	Explanation
Cambodia	+7	Re-entered country Q1 2022
UAE	+3	Increased size of existing position
Côte d'Ivoire	+3	Relative outperformance
Tanzania	+2	Increased size of existing position, relative outperformance
Papua New Guinea	-3	Exited position and country Q1-Q2 2022
Egypt	-4	Exited position Q1 2022; on our two other positions, we trimmed one and received dividends from both
Turkey	-5	Exited position and country Q4 2021
Ghana	-8	Exited positions and country Q4 2021-Q1 2022
Kazakhstan	-11	Exited positions and country Q2 2022

[34] We show countries whose weighting has changed by two percentage points or more. Total may not add to 0 due to rounding and exclusion of countries changing by less than two percentage points. Note that we do not show the United States as we only hold cash there. Click here for a discussion of how we classify cash by country.

Figure A11
Frontaura Global Frontier Fund LLC
Portfolio Concentration[35]
30 June 2022

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	34	23	+3	+2	-2	0
Top 5	34%	46%	+2	+3	+1	-1
Top 10	56%	70%	+3	+1	+4	-3
Top 20	78%	93%	-1	-3	0	-3
Top 20 + USA (Cash)	84%	99%	+2	0	+5	+2

[35] We do not include the US in our country count and most of the percentage totals as we hold only cash there. Change from the prior quarter and the year ago quarter represent the change in the number of positions and the change in percentage points for the top 5, 10, and 20 positions. The Top 20 + USA row does include the US cash percentage in the percentage totals. Click here for a discussion of how we classify cash by country.